大連港股份

Dalian Port (PDA) Company Limited*

大連港股份有限公司

(a sino-foreign joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 2880)

ANNOUNCEMENT OF INTERIM RESULTS FOR 2019

The board of directors (the "**Board**") of Dalian Port (PDA) Company Limited* (the "**Company**") is pleased to announce the unaudited financial results of the Company and its subsidiaries (the Company and its subsidiaries, collectively, the "**Group**") prepared pursuant to China Accounting Standards for Business Enterprises for the six months ended 30 June 2019.

OPERATING RESULTS

The results for the six months ended 30 June 2019, which have been reviewed by the Group's auditors and the Company's audit committee, are as follows:

CONSOLIDATED BALANCE SHEET
FOR THE SIX MONTHS ENDED 30 JUNE 2019 (UNAUDITED)
(All amounts in RMB Yuan unless otherwise stated)

ASSETS	30 June 2019 Consolidated	31 December 2018 Consolidated
Current assets		
Cash at bank and in hand	3,742,118,123.15	5,729,285,870.35
Financial assets held for trading	1,402,331,599.40	1,892,520,046.14
Notes receivable	176,730,811.15	289,238,760.63
Accounts receivable	1,269,571,059.87	658,194,719.05
Other receivables	627,856,246.28	663,019,375.41
Inventories	119,563,928.99	149,488,331.40
Contract assets	–	37,162,200.00
Advances to suppliers	56,356,315.51	34,835,097.24
Non-current assets due within one year	–	–
Other current assets	83,506,733.27	105,735,304.45
Total current assets	7,478,034,817.62	9,559,479,704.67

ASSETS	30 June 2019 Consolidated	31 December 2018 Consolidated
Non-current assets		
Available-for-sale financial assets	–	–
Long-term equity investments	4,304,805,348.28	4,196,535,238.90
Other investments in equity instruments	195,021,913.86	179,146,371.30
Investment properties	196,445,048.71	202,719,406.14
Fixed assets	16,799,630,869.29	17,208,306,962.50
Construction in progress	2,121,664,593.35	2,030,344,333.55
Right-of-use assets	3,287,916,834.21	–
Intangible assets	1,691,902,865.58	1,724,973,793.88
Goodwill	20,433,690.59	20,433,690.59
Long-term prepayments	69,279,558.77	76,195,345.33
Deferred tax assets	90,985,677.03	81,148,594.18
Other non-current assets	36,756,811.57	36,299,731.85
Total non-current assets	28,814,843,211.24	25,756,103,468.22
TOTAL ASSETS	36,292,878,028.86	35,315,583,172.89

LIABILITIES AND OWNERS' EQUITY	30 June 2019 Consolidated	31 December 2018 Consolidated
Current liabilities		
Short-term borrowings	1,573,262,590.14	3,399,536,753.89
Notes payable	–	–
Accounts payable	242,335,067.88	224,442,511.34
Advances from customers	5,186,888.24	6,153,114.57
Contract liabilities	32,518,997.24	45,783,239.08
Employee benefits payable	151,074,029.06	260,854,026.38
Taxes payable	56,295,187.09	54,113,243.93
Other payables	1,352,628,344.91	911,030,967.62
Non-current liabilities due within one year	301,157,611.42	800,076,181.57
Total current liabilities	3,714,458,715.98	5,701,990,038.38
Non-current liabilities		
Long-term borrowings	1,622,268,477.26	2,052,026,017.12
Bond payable	5,878,642,340.06	5,873,223,359.39
Lease liabilities	3,255,242,048.76	–
Long-term payables	40,000,000.00	40,000,000.00
Deferred income	567,974,288.97	587,760,573.96
Deferred tax liabilities	118,320,411.55	111,725,442.87
Other non-current liabilities	93,831,758.00	88,541,797.00
Total non-current liabilities	11,576,279,324.60	8,753,277,190.34

LIABILITIES AND OWNERS' EQUITY	30 June 2019 Consolidated	31 December 2018 Consolidated
Total liabilities	15,290,738,040.58	14,455,267,228.72
Owners' equity		
Issued capital	12,894,535,999.00	12,894,535,999.00
Capital reserve	2,937,288,532.49	2,935,193,506.32
Other consolidated income	76,188,592.25	5,924,000.77
Special reserve	42,242,347.14	32,179,588.47
Surplus reserve	823,997,607.17	823,997,607.17
Unappropriated profit	1,578,769,674.90	1,584,535,562.22
Equity attribute to equity holders of the Company	18,353,022,752.95	18,276,366,263.95
Minority interest	2,649,117,235.33	2,583,949,680.22
Total equity	21,002,139,988.28	20,860,315,944.17
TOTAL LIABILITIES AND EQUITY	36,292,878,028.86	35,315,583,172.89

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2019 (UNAUDITED)
(All amounts in RMB Yuan unless otherwise stated)

Item		For the six months ended 30 June 2019	For the six months ended 30 June 2018
		Consolidated	Consolidated
1. Revenue		3,221,965,028.15	3,651,188,686.81
Less:	Cost of sales	2,340,452,073.92	2,883,562,165.72
	Taxes and surcharges	27,619,854.29	24,898,081.87
	Selling and distribution expenses	160,580.24	490,579.80
	General and administrative expenses	324,747,194.49	331,847,950.61
	Research and development expenses	7,066,880.96	5,430,797.87
	Financial expenses	288,048,192.02	177,390,450.15
	Including: Interest expenses	344,671,817.46	294,799,858.27
	Interest income	43,549,350.83	66,904,778.20
	Asset impairment losses	–	–
	Credit impairment losses	786,089.62	12,222,786.44
Add:	Other income	34,306,321.49	19,137,522.57
	Investment income	184,445,959.72	91,004,995.48
	Including: Investment income from joint ventures and associates	158,233,958.30	86,125,589.44
	Profit arising from changes in fair value	1,825,840.00	5,770,988.00
	Gains on disposal of assets	(946,305.78)	(82,305.49)
2. Operating profit		452,715,978.04	331,177,074.91
Add:	Non-operating income	2,571,565.12	8,873,255.08
Less:	Non-operating expenses	304,679.29	2,396,119.75

Item		For the six months ended 30 June 2019	For the six months ended 30 June 2018
		Consolidated	Consolidated
3. Total profit		454,982,863.87	337,654,210.24
Less:	Income tax expenses	101,224,219.27	89,230,642.16
4. Net profit		353,758,644.60	248,423,568.08
Including: Net profit from continuing operations		353,758,644.60	248,423,568.08
Classified by ownership of the equity			
Net profit attributable to owners of the parent		288,235,814.81	176,180,847.60
Gains or losses of minority interest		65,522,829.79	72,242,720.48
5. Earnings per share			
	Basic earnings per share (RMB/share)	0.02	0.01
	Diluted earnings per share (RMB/share)	0.02	0.01
6. Other comprehensive income after tax – Net		28,571,223.73	(2,027,318.35)
	Attributable to equity holder of the parent company	29,049,014.85	(2,616,846.82)
	Items that will not be reclassified to profit or loss	29,239,786.96	(2,995,803.67)
	Fair value change of other investments in equity instruments	29,239,786.96	(2,995,803.67)
	Items that will be classified to profit or loss	(190,772.11)	378,956.85
	Other comprehensive income to be reclassified into the profit or loss under the equity method	–	–
	Translation differences on foreign financial statements	(190,772.11)	378,956.85
	Attributable to minority interest	(477,791.12)	589,528.47

Item		For the six months ended 30 June 2019	For the six months ended 30 June 2018
		Consolidated	Consolidated
7.	Total comprehensive income	382,329,868.33	246,396,249.73
Including: Attributable to the owners of the parent company		317,284,829.66	173,564,000.78
Attributable to minority interest		65,045,038.67	72,832,248.95

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2019

(All amounts in RMB yuan unless otherwise stated)

I. GENERAL INFORMATION

Dalian Port (PDA) Company Limited (hereinafter referred to as the "**Company**") is a limited liability company incorporated in Liaoning Province,the People's Republic of China. It was approved by Dazheng [2005] No. 153 of the People's Government of Dalian City, Liaoning Province, and was jointly established by Dalian Port Corporation Limited ("PDA Group"), Dalian Rongda Investment Co., Ltd., Dalian Haitai Holdings Co., Ltd., Dalian Detai Holdings Co., Ltd. and Dalian Bonded Zhengtong Co., Ltd. on 16 November 2005. The Company has been approved by the Dalian Administration for Industry and Commerce of Liaoning Province, with the enterprise unified social credit code: 91210200782451606Q. The H shares and RMB ordinary shares (A-share) issued by the Company were listed on the Stock Exchange of Hong Kong and the Shanghai Stock Exchange on 28 April 2006 and 6 December 2010, respectively. The Company is headquartered in Xingang Commercial Building, Dayao Bay, Dalian Free Trade Zone, Liaoning Province.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") include the provision of terminal business and logistics services such as international and domestic cargo loading and discharging, transportation, transshipment, storage and etc.; providing facilities and services for passenger waiting, embarking and disembarking; tallying and tugging services for vessels sailing on international and domestic lines; port logistics and port information technology consultation services; engaged in crude oil storage in port area (operating with the permit); refined oil products storage (restricted to those applying for bonded qualification and those at port storage facilities); import and export of goods and technology (excluding articles prohibited by relevant laws and regulations; import and export of articles restricted by laws and regulations may only conduct with the grant of license) (with capital contribution from foreign party of no more than 25%).

The Group's parent company is Dalian Port Group Co., Ltd. established in the PRC.

These financial statements were approved for issuance by the Company's Board of Directors on 27 August 2019.

The scope of consolidation of the consolidated financial statements is determined on the basis of control. The scope of consolidation remains unchanged during the accounting period as of six months ended 30 June 2019.

II. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises No.32 – Interim Financial Reporting issued by the Ministry of Finance of the PRC.

These financial statements have been prepared in accordance with the "Accounting Standards for Business Enterprises — Basic Standards" promulgated by the Ministry of Finance and the specific accounting standards, subsequent practice notes, interpretations and other relevant regulations subsequently announced and revised (collectively "ASBEs"). Except for changes in accounting policies, accounting policies adopted in these interim financial statements are consistent with those adopted in the 2018 annual financial statements prepared by the Group. These interim financial statements should be read in conjunction with the Group's 2018 annual financial statements.

The financial statements are prepared on a going concern basis.

Except for certain financial instruments, the financial statements have been prepared under the historical cost convention. If the assets are impaired, corresponding provisions for impairment shall be provided according to relevant provisions.

III. TAXES

1. Major categories of taxes and respective tax rates

Value-added tax (VAT) – Prior to 1 April 2019, the Group's revenue from port operations, sales of goods, entrusted loans, building & construction, property leasing, labour dispatch and steam, water and natural gas provision businesses are subject to output VAT at a tax rate of 6%, 16%, 6%, 11%, 5%, 6% and 11%, respectively, which is levied after deducting deductible input VAT for the current period. After 1 April 2019, the abovementioned revenues are subject to output VAT at a tax rate of 6%, 13%, 6%, 10%, 5%, 6% and 10%, respectively, which is levied after deducting deductible input VAT for the current period.

City maintenance and construction tax – it is levied at 7% on the turnover taxes paid.

Education supplementary tax – it is levied at 5% on the turnover taxes paid.

Property tax – it is calculated at a tax rate of 1.2% based on 70% of costs of properties; or it is calculated at a tax rate of 12% based on rental income.

Corporate income tax – it is levied at 25% on the taxable profit, except for certain subsidiaries of the Group established in Mainland China which enjoy tax preferences and those subsidiaries incorporated outside Mainland China which are subject to local income tax regulations.

Environmental protection tax – it is levied on the pollution equivalent of taxable pollutants; or it is levied at the emissions multiplied by applicable tax amount.

2. Tax preference

Land use tax

According to the Tentative Regulations of the People's Republic of China of Urban Land Use Tax and Regulation on Issue of Land Use Tax Exemption of Port Land of Transport Department (Guo Shui Di [1989] No. 123), certain land used for dock is exempted from land use tax. Accordingly, the land held by the Group used for dock are exempted from land use tax.

According to the Tentative Regulations of the People's Republic of China of Urban Land Use Tax, the land reclaimed from hill excavating and offshore filling and the reclaimed waste land will be exempted from land use tax for 5 to 10 years starting from the month of use. Accordingly, all land reclaimed from offshore filling held by the Group are exempted from land use tax.

According to the Tentative Regulations of the People's Republic of China of Urban Land Use Tax and the Notice of the Ministry of Finance and the State Administration of Taxation on Continuing the Implementation of the Preferential Urban Land Use Tax Policies regarding the Land Used by Logistics Enterprises for Bulk Commodity Storage Facilities (Cai Shui [2017] No.33), from 1 January 2017 to 31 December 2019, the urban land use tax on the land for bulk commodity storage facilities owned by the logistics enterprises (including for self-use and lease purpose) shall be calculated based on 50% of the applicable tax for the relevant grade of the land. Accordingly, the land use tax on the land for bulk commodity storage facilities held by the Group is calculated at half of the relevant tax rate.

VAT

According to the "Notice on Policies Related to Deepening Value-Added Tax Reform" issued by the Ministry of Finance, State Administration of Taxation and General Administration of Customs (No. 39 Notice of the Ministry of Finance, State Administration of Taxation and General Administration of Customs in 2019), the Group shall, from 1 April 2019 to 31 December 2021, deduct additional 10% of current deductible input tax from VAT payable.

According to the Circular on Related Tax Policies of Encouraging Industry Development of Software and Integrated Circuit by the Ministry of Finance, State Administration of Taxation and General Administration of Customs (Cai Shui [2000] No. 25) and the Circular on Policies of Further Encouraging Industry Development of Software and Integrated Circuit (Guo Fa [2011] No. 4, Section 1.1), VAT paid by those VAT ordinary tax payers who sell self-developed software which are taxed at the statutory rate of 17% will be refunded for the portion exceeding 3% of the actual tax burden. The tax refund should be restricted to be used for software development and expanding reproduction, which is exempted from corporate income tax. Dalian Port Logistics Technology Co., Ltd. and Dalian Portsoft Technology Co., Ltd., both of which are the subsidiaries of the Group, are entitled to the aforesaid preferential tax policy.

Corporate income tax

Dalian Portsoft Technology Co., Ltd. and Dalian Port Logistics Network Co., Ltd., subsidiaries of the Group, have obtained on 29 November 2017 the Certificate of the High and New Technological Enterprise (No. GR201721200282 and No. GR201721200058) issued by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, Dalian Municipal Office of State Administration of Tax and Dalian Municipal Bureau of Local Taxation, and the term of validity of both certificates is three years.

Dalian Port Logistics Technology Co., Ltd., a subsidiary of the Group, has obtained on 21 September 2015 the Certificate of the High and New Technological Enterprise (No. GR201521200005) issued by Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, Dalian Municipal Office of State Administration of Tax and Dalian Municipal Bureau of Local Taxation, and the term of validity is three years. On September 2018, with the approval of Dalian Science and Technology Bureau, Dalian Municipal Bureau of Finance, Dalian Municipal Office of State Administration of Tax, the expiry time of the Certificate of the High and New Technological Enterprise granted to Dalian Port Logistics Technology Co., Ltd. was postponed to 15 November 2021.

Under Article 28 of the Corporate Income Tax Law of the People's Republic of China, for the current year, the income tax rate applicable to the above companies is 15%.

IV. NOTES TO THE MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Financial assets held for trading

Financial assets at fair value through profit or loss	30 June 2019 (Unaudited)	Gains or losses recognised in current period
Investments in debt instruments (note 1)	1,395,872,551.90	25,820,269.22
Investments in equity instruments (note 2)	6,459,047.50	1,927,277.20
Total	1,402,331,599.40	27,747,546.42

Note 1:

The Group purchased structured deposits of RMB201,030,000.00 from China Construction Bank Co., Ltd. during this year, which are mainly invested in money market instruments with an expected annual yield rate of 1.65%-2.70% and a maturity date on 1 July 2019.

The Group purchased structured deposits of RMB403,700,000.00 from Bank of China Co., Ltd. during this year, which are mainly invested in money market instruments with an expected annual yield rate of 3.4% and a maturity date on 8 July 2019.

The Group purchased structured deposits of RMB102,560,000.00 from Bank of China Co., Ltd. during this year, which are mainly invested in money market instruments with an expected annual yield rate of 3.6% and a maturity date on 19 July 2019.

The Group purchased structured deposits of RMB100,000,000.00 from China Merchants Bank Co., Ltd. during this year, which are mainly invested in money market instruments with an expected annual yield rate of 3.5% and a maturity date on 17 July 2019.

The Group purchased structured deposits of RMB584,000,000.00 from China Merchants Bank Co., Ltd. during this year, which are mainly invested in money market instruments with an expected annual yield rate of 3.6% and a maturity date on 30 August 2019.

Note 2:

Investments in equity instruments represented the stocks of A-share listed companies, whose fair value was determined according to their closing prices as at the last trading day on the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

2. Notes receivable

Notes receivable	30 June 2019 (Unaudited)	31 December 2018
Trade acceptance notes	–	–
Bank acceptance notes	176,730,811.15	289,238,760.63
Total	176,730,811.15	289,238,760.63

As at the balance sheet date, notes receivable which have been endorsed or discounted but not mature yet are as follows:

Item	30 June 2019 (Unaudited)		31 December 2018	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance notes	4,883,573.31	8,100,000.00	48,602,332.58	7,073,910.19

As at 30 June 2019, the Group had no pledged notes receivable (31 December 2018: Nil).

As at 30 June 2019, there were no discounted notes or notes that were recognised as accounts receivable due to the drawer's liability to perform (31 December 2018: Nil).

3. Accounts receivable

The credit terms of accounts receivable are usually 3 months. Accounts receivable are interest-free.

The aging analysis of accounts receivable based on the recording date is as follows:

Age	30 June 2019 (Unaudited)	31 December 2018
Within 1 year	1,248,602,534.48	629,892,263.91
1 to 2 years	19,627,924.73	15,720,843.27
2 to 3 years	3,074,577.02	8,854,591.08
Over 3 years	69,361,083.21	64,031,972.60
Sub-total	1,340,666,119.44	718,499,670.86
Less: Provision for bad debts of accounts receivable	71,095,059.57	60,304,951.81
Total	1,269,571,059.87	658,194,719.05

The movements of provision for bad debts of accounts receivable are as follows:

Item	Balance as at the beginning of the period/year	Provision for the period/year	Reversal during the period/year	Disposal of subsidiaries during the period/year	Write-off during the period/year	Balance as at the end of the period/year
From January to June 2019 (Unaudited)	60,304,951.81	12,291,203.77	(1,501,096.01)	–	–	71,095,059.57
2018	46,720,189.36	39,010,791.98	–	(25,426,029.53)	–	60,304,951.81

Item	30 June 2019(Unaudited)			
	Ending balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Provision (%)
Provision for bad debts made on the individual basis	62,852,144.51	4.69	49,736,772.43	79.13
Provision for bad debts made on the grouping basis of credit risk characteristics	1,277,813,974.93	95.31	21,358,287.14	1.67
Total	1,340,666,119.44	100.00	71,095,059.57	5.30

Details of accounts receivable of which provision for bad debts is made according to aging analysis:

Age	30 June 2019 (Unaudited)			31 December 2018		
	Ending balance estimated to be in default	Expected rate of credit loss (%)	Lifetime expected credit loss	Ending balance estimated to be in default	Expected rate of credit loss (%)	Lifetime expected credit loss
Within 1 year	1,248,602,534.48	0.7	8,740,217.73	629,892,263.91	0.7	4,409,245.85
1-2 years	19,627,924.73	25	4,906,981.18	15,637,619.27	25	3,909,404.82
2-3 years	1,794,370.02	70	1,256,059.01	5,310,397.38	70	3,717,278.17
3-4 years	4,469,659.66	75	3,352,244.75	2,524,350.92	75	1,893,263.19
4-5 years	2,167,015.73	90	1,950,314.16	1,272,543.56	90	1,145,289.20
Over 5 years	1,152,470.31	100	1,152,470.31	1,010,351.31	100	1,010,351.31
Total	1,277,813,974.93		21,358,287.14	655,647,526.35		16,084,832.54

As at 30 June 2019, accounts receivable with amounts that were individually significant and that the related provision for bad debts was provided on the individual basis were analysed as follows:

Item	Ending balance (Unaudited)	Provision for bad debts (Unaudited)	Provision (%)	Reasons
Shenyang Oriental Steel Co., Ltd.	48,854,764.10	36,641,073.08	75	Note 1
Northeast Asia Spot Commodity Exchanges Co.,Ltd.	9,016,810.61	8,115,129.55	90	Note 2
Heilongjiang Zhanfeng International Trade Co., Ltd. (黑龍江戰鋒國際貿易有限公司)	4,832,569.80	4,832,569.80	100	Note 3
Others	148,000.00	148,000.00	100	
Total	62,852,144.51	49,736,772.43		

Note 1: As at 30 June 2019, the accounts receivable of PDA Bulk and General Cargo Terminals Company, a branch of the Company, due from Shenyang Oriental Steel Co., Ltd. (hereinafter "Shenyang Oriental") amounted to RMB48,854,764.10. The recoverability of the accounts receivable is significantly uncertain due to the fact that Shenyang Oriental has discontinued its operations, become insolvent and been threatened by many legal proceedings. Taking into account the estimated cash flows realisable for this indebtedness under any circumstance and the probability of occurrence of any circumstance, and based on the difference between the weighted calculation result of the present value of future estimated cash flows realisable and contractual cash flows, the Group provisioned RMB36,641,073.08 (2018: RMB31,755,596.67) for bad debts on the accounts receivable.

Note 2: As at 30 June 2019, the accounts receivable of Dalian Steel Logistics Park Co., Ltd. (hereinafter "Steel Logistics Park"), a subsidiary of the Company, due from Northeast Asia Spot Commodity Exchanges (hereinafter "Northeast Asia Spot Commodity") amounted to RMB9,016,810.61. The recoverability of the accounts receivable is significantly uncertain due to the fact that Northeast Asia Spot Commodity has discontinued its operations and Steel Logistics Park could not recover any accounts after its application for enforcement of creditor's right on Northeast Asia Spot Commodity and the enforcement was suspended upon application. Taking into account the estimated cash flows realisable for this indebtedness under any circumstance and the probability of occurrence of any circumstance, and based on the difference between the weighted calculation result of the present value of future estimated cash flows realisable and contractual cash flows, the Group provisioned RMB8,115,129.55 (2018: RMB7,483,952.80) for bad debts on the accounts receivable.

Note 3: As at 30 June 2019, the accounts receivable of Dalian Jiyi Logistics Co., Ltd., a subsidiary of the Company, due from Heilongjiang Zhanfeng International Trade Co., Ltd. (hereinafter "Heilongjiang Zhanfeng") amounted to RMB4,832,569.80. Since Heilongjiang Zhanfeng has discontinued its operations, the amount is basically not expected to be recovered. The Group made a full provision for bad debts on the accounts receivable.

From January to June 2019, the provision for bad debts amounted to RMB12,291,203.77 (2018: RMB39,010,791.98), and the bad debt provision recovered or reversed amounted to RMB1,501,096.01 (2018: Nil).

As at 30 June 2019, the top five accounts receivable were summarised as below (unaudited):

Item	Balance	Provision for bad debts	Percentage (%) of total accounts receivable
Total balances of top five accounts receivable	643,134,797.17	40,801,033.32	47.97

4. Other receivables

Item	30 June 2019 (Unaudited)	31 December 2018 (Unaudited)
Interest receivable	18,516,830.64	30,743,735.52
Fixed deposits	12,277,687.39	27,930,620.79
Current deposits	3,050,434.56	614,017.53
Entrusted loans	3,188,708.69	2,199,097.20
Dividends receivable	148,669,975.58	146,000,226.01
Dalian Jilong Logistics Co., Ltd.	22,507,539.23	22,507,539.23
Dalian Automobile Terminal Co., Ltd.	6,400,000.00	4,800,000.00
Dalian Port Yidu Cold Chain Co., Ltd	95,289,824.35	95,289,824.35
Jinzhou New Age Container Terminal Co., Ltd.	–	7,760,250.43
Dalian Singamas International Container Co., Ltd.	7,614,047.00	7,614,047.00
Taicang Xinggang Tug Co., Ltd.	3,428,565.00	6,428,565.00
Odfjell Terminals (Dalian) Co., Ltd.	12,500,000.00	–
Others	930,000.00	1,600,000.00
Other receivables	509,924,459.71	533,147,051.67
Receivables from agency purchase	210,313,133.39	235,008,103.00
Receivables from income of entrusted management services	73,527,307.21	78,527,307.21
Receivables from project payment and guarantee deposit	45,049,012.94	46,076,197.79
Entrusted loans	36,824,925.52	36,824,925.52
Port construction and miscellaneous expenses	34,561,922.38	37,533,375.40
Receivables from freights, deposit and security deposit	27,493,079.03	30,009,601.58
Government subsidies receivable	31,500,625.37	32,409,706.59
Public infrastructure maintenance expenses	7,106,875.04	6,026,376.24
Others	43,547,578.83	30,731,458.34
Subtotal	677,111,265.93	709,891,013.20
Less: Provision for bad debts	49,255,019.65	46,871,637.79
Total	627,856,246.28	663,019,375.41

The Group's management believed that no provision for impairment of interest receivable and dividends receivable was required at balance sheet date.

The aging of other receivables is analysed as follows:

Item	30 June 2019 (Unaudited)	31 December 2018 (Unaudited)
Within 1 year	383,020,359.09	405,620,759.13
1 to 2 years	88,337,322.52	98,901,254.04
2 to 3 years	20,202,123.28	12,198,876.97
Over 3 years	18,364,654.82	16,426,161.53
Sub-total	509,924,459.71	533,147,051.67
Less: Provision for bad debts of other receivables	49,255,019.65	46,871,637.79
Total	460,669,440.06	486,275,413.88

Changes of provision for bad debts of expected credit loss in relation to other receivables over the next 12 months and throughout the period were as follows:

Item	First stage expected credit loss over the next 12 months	Third stage financial assets with credit impairment (throughout the entire period)	Total
1 January 2019	45,810,444.82	1,061,192.97	46,871,637.79
Provision for the current period	4,390,424.73	–	4,390,424.73
Reversed during the current period	(2,007,042.87)	–	(2,007,042.87)
30 June 2019	48,193,826.68	1,061,192.97	49,255,019.65

Changes in the book balance of other receivables that affect the change in loss provisions in the current period are as follows:

Item	First stage expected credit loss over the next 12 months	Third stage financial assets with credit impairment (throughout the entire period)	Total
1 January 2019	532,085,858.70	1,061,192.97	533,147,051.67
Increase in the current period	56,745,667.34	–	56,745,667.34
Derecognition	(79,968,259.30)	–	(79,968,259.30)
30 June 2019	508,863,266.74	1,061,192.97	509,924,459.71

As at 30 June 2019, the top five other receivables were summarised as below (unaudited):

Item	Balance at the end of the period	Provision for bad debts	Percentage (%) of total other accounts receivable
Total balances of top five other receivables	346,565,178.88	26,534,817.04	67.96

As at 30 June 2019, the government grants receivable were analysed as follows:

Item	Government grants	Amount	Aging	Basis
Inner Mongolia Lugang Bonded Logistics Park Co., Ltd.	Subsidy for container freight	5,260,833.37	Within 1 year	Reply of Keerqin District People's Government on Subsidy to China-Europe Railway Lines
Heilongjiang Suimu Dalian Port Logistics Co., Ltd.	Subsidy for warehouse construction and operation	13,359,192.00	Within 1 year and 2-3 years	Cooperation Agreement on Xiachengzi Logistics Centre of Muling Economic Development Zone and Meeting Minutes on Solving Major Difficulties of Suimu Dalian Port Logistics
Dalian Jifa Bohai Rim Container Lines Co., Ltd.	Subsidy for container freight	12,880,600.00	Within 1 year	Request for Instructions Concerning Supporting the Development of Container Freight in Dongying Port Zone
Total		31,500,625.37		

5. Inventories

Item	Balance at the end of the period			Balance at the beginning of the period		
	Ending balance	Provision for decline in the value of inventories	Carrying amount	Ending balance	Provision for decline in the value of inventories	Carrying amount
Raw materials	71,007,736.68	7,803,794.80	63,203,941.88	87,663,016.37	7,803,794.80	79,859,221.57
Finished goods	47,304,416.09	–	47,304,416.09	60,916,714.52	–	60,916,714.52
Turnover materials	9,055,571.02	–	9,055,571.02	8,712,395.31	–	8,712,395.31
Total	127,367,723.79	7,803,794.80	119,563,928.99	157,292,126.20	7,803,794.80	149,488,331.40

As at 30 June 2019, no inventories were pledged as collateral (31 December 2018: Nil).

The movements of provision for decline in the value of inventories is analysed as below:

Item	Balance at the beginning of the period	Increase in the current period		Decrease in current period		Balance at the end of the period
		Provision	Others	Reversal or written off	Disposal of subsidiaries	
Raw materials	7,803,794.80	–	–	–	–	7,803,794.80
Total	7,803,794.80	–	–	–	–	7,803,794.80

6. Investments in other equity instruments

For the six months ended 30 June 2019 (unaudited):

Item	Cost	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income in current period	
				Equity instruments derecognised in current period	Equity instruments held
Jinzhou New Age Container Terminal Co., Ltd.	52,843,634.00	51,045,505.98	103,889,139.98	–	–
Qinhuangdao Xin'gangwan Container Terminal Co., Ltd.	60,000,000.00	(9,497,938.96)	50,502,061.04	–	–
Dalian Port Design & Research Institute (大連港設計研究院)	634,600.00	1,159,665.16	1,794,265.16	–	290,000.00
Da-In Ferry Co., Ltd.	1,900,057.50	6,110,790.20	8,010,847.70	–	–
Fujian Ninglian Port Co., Ltd.	12,000,000.00	1,843,272.36	13,843,272.36	–	–
Dalian Xin Bei Liang Co., Ltd.	16,184,400.00	797,927.62	16,982,327.62	–	–
Total	143,562,691.50	51,459,222.36	195,021,913.86	–	290,000.00

7. Accounts payable

Item	30 June 2019 (unaudited)	31 December 2018
Vessel leasing fees and ocean freight	85,684,679.55	66,750,317.05
Purchase of goods	17,592,760.27	6,482,312.42
Purchase of auxiliary materials	139,057,628.06	151,209,881.87
Total	242,335,067.88	224,442,511.34

Accounts payable are non-interest bearing and are usually settled within 3-6 months.

The aging of accounts payable based on the recording date is analysed as follows:

Item	30 June 2019 (unaudited)	31 December 2018
Within 1 year	227,275,956.92	211,557,703.99
1 to 2 years	4,950,794.14	4,055,467.41
2 to 3 years	6,023,792.47	6,090,455.65
Over 3 years	4,084,524.35	2,738,884.29
Total	242,335,067.88	224,442,511.34

As at 30 June 2019, major accounts payable with aging over one year are as follows (unaudited):

Item	Amounts payable	Reason for outstanding amounts
Purchase of goods	2,631,773.60	unsettled
Purchase of auxiliary materials and guarantee deposit	2,511,169.65	unsettled
Total	5,142,943.25	

8. Contract liabilities

Item	Opening amount	Increase in the current period	Reversal in the current period	Other decreases in the current period	Closing amount (unaudited)
Miscellaneous expenses	8,910,485.64	163,789,826.63	(154,197,671.00)	(4,865,296.87)	13,637,344.40
All-in charges for cargo handling due within one year	16,875,000.00	2,751,368.00	(3,086,407.00)	(5,289,961.00)	11,250,000.00
Freight	414,887.10	1,528,917.85	(1,639,822.35)	–	303,982.60
Payment for goods	7,825,140.37	–	(7,115,140.37)	–	710,000.00
Others	11,757,725.97	18,737,453.02	(22,630,499.84)	(1,247,008.91)	6,617,670.24
Total	45,783,239.08	186,807,565.50	(188,669,540.56)	(11,402,266.78)	32,518,997.24

9. Other payables

Item	30 June 2019 (unaudited)	31 December 2018
Interest payable	**138,716,567.27**	**170,266,834.18**
Interest of short-term borrowings	2,255,011.62	4,534,676.42
Interest of bonds	134,166,574.57	162,221,889.64
Interest of long-term borrowings with instalment payments and principal due for maturity	2,294,981.08	3,510,268.12
Dividends payable	**404,468,514.99**	**220,370,685.87**
Dalian Port Corporation Limited	114,616,002.08	–
Singapore Dalian Port Investment Pte. Ltd.	75,847,997.41	107,025,432.70
China Merchants Port Holdings Co., Ltd.	51,706,934.40	–
China Shipping Terminal Development Co., Ltd.	32,060,365.06	32,060,365.06
Nippon Yusen Kabushiki Kaisha	19,983,030.09	30,275,340.05
COSCO Ports (Dalian) Limited	12,689,953.41	19,225,945.87
China Shipping Port Development Co., Ltd.	10,677,064.25	16,176,313.07
Dalian Bonded Zhengtong Company Limited	6,153,932.12	5,779,554.22
NYK Bulk & Projects Carriers Ltd.	1,796,354.84	1,285,945.46
Dalian Rongyuan Investment Project Management Co., Ltd.	748,755.80	–
United States Sankyo Holdings Limited	638,011.73	–
Dalian Detai Holdings Company Limited	374,377.90	–
Dalian Haitai Holdings Company Limited	374,377.90	–
PSA China Pte Ltd	–	7,888,266.76
Minority shareholders of subsidiaries	–	653,522.68
Other shareholders of outstanding A shares	44,213,842.42	–
Other shareholders of outstanding H shares	32,587,515.58	–

Item	30 June 2019 (unaudited)	31 December 2018
Other payables	**809,443,262.65**	**520,393,447.57**
Project expenses payable	306,273,187.88	299,832,998.16
Borrowings from related parties	213,500,000.00	–
Guaranty	41,266,872.41	33,218,869.67
Down payment	–	4,407,940.29
Port construction expenses collected for other companies	14,883,192.06	14,675,052.30
Freight forwarding	12,714,715.26	29,453,362.07
Security expenses payable to the Bureau of Port	19,594,052.70	17,594,052.70
Land compensation	27,570,000.00	27,570,000.00
Compensation received for other companies	3,271,596.35	2,278,443.92
Fares collected for other companies	18,787,135.99	8,730,614.23
River Maintenance charges	3,835,259.21	3,832,886.91
Repair payments and outstanding repair payments	36,210,005.77	8,714,539.99
Others	111,537,245.02	70,084,687.33
Total	1,352,628,344.91	911,030,967.62

As at 30 June 2019, major other payables with aging over one year of the Group are as follows (unaudited):

Item	Amounts	Reason for outstanding amounts
Project expenses payable and guarantee deposit	48,214,677.02	unsettled
Security expenses payable to the Bureau of Port	17,594,052.70	unsettled
Land compensation	27,570,000.00	unsettled
Total	93,378,729.72	

10. Revenue and cost of sales

Revenue of sales is as follows:

Item	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Revenue from main operations	3,097,014,669.66	3,516,038,358.59
Revenue from other operations	124,950,358.49	135,150,328.22
Total	3,221,965,028.15	3,651,188,686.81

Cost of sales is as follows:

Item	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Cost of sales from main operations	2,220,910,687.11	2,763,791,664.89
Cost of sales from other operations	119,541,386.81	119,770,500.83
Total	2,340,452,073.92	2,883,562,165.72

Breakdown of revenue from contracts with customers

For the six months ended 30 June 2019

Reporting segment	Commodity	Labour services or services	Others	Total
Container terminal and related logistics services and trading services	69,216,214.06	1,201,399,869.00	59,815,406.42	1,330,431,489.48
Oil/liquefied chemicals terminal and related logistics services and trading services	111,068,437.53	742,093,407.00	15,828,454.54	868,990,299.07
Bulk and general cargo terminal and related logistics services	947,007.20	414,667,381.08	9,900,064.82	425,514,453.10
Grains terminal and related logistics and trading services	13,286,000.00	48,449,074.88	7,226,981.17	68,962,056.05
Passenger and roll-on, roll-off terminal and related logistics services	231,925.10	79,306,785.29	3,919,710.23	83,458,420.62
Port value-added and ancillary services	25,296,681.09	348,126,566.26	28,831,389.68	402,254,637.03
Automobile terminal and related logistics and trading services	1,810,344.84	3,585,347.92	685,529.39	6,081,222.15
Others	–	15,459,643.83	20,812,806.82	36,272,450.65
Total	221,856,609.82	2,853,088,075.26	147,020,343.07	3,221,965,028.15

Item	Commodity	Labour services or services	Others	Total
Time of revenue recognition				
Recognised at a certain point of time				
Revenue from sales of goods	14,976,617.72	–	–	14,976,617.72
Revenue from electric supply services	25,976,768.96	–	–	25,976,768.96
Revenue from commodity trading	180,903,223.14	–	–	180,903,223.14
Recognised over a certain period				
Revenue from agency services	–	354,722,288.74	–	354,722,288.74
Revenue from project construction and inspection services	–	29,614,508.93	–	29,614,508.93
Revenue from logistics services	–	398,090,509.76	–	398,090,509.76
Revenue from port handling services	–	1,973,881,323.39	–	1,973,881,323.39
Revenue from port management services	–	50,524,917.76	–	50,524,917.76
Revenue from tallying services	–	28,935,553.46	–	28,935,553.46
Revenue from information services	–	17,318,973.22	–	17,318,973.22
Revenue from others	–	–	83,418,622.96	83,418,622.96
Others				
Revenue from leasing services	–	–	63,601,720.11	63,601,720.11
	221,856,609.82	2,853,088,075.26	147,020,343.07	3,221,965,028.15

The revenue is categorised as follows:

Item	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Revenue from commodity trading	180,903,223.14	836,642,920.97
Revenue from port handling services	1,973,881,323.39	1,700,525,208.79
Revenue from agency services	354,722,288.74	375,113,925.31
Revenue from logistics services	398,090,509.76	326,316,874.60
Revenue from leasing services	63,601,720.11	71,647,334.13
Revenue from port management services	50,524,917.76	116,935,211.09
Revenue from project construction and supervision services	29,614,508.93	27,555,334.44
Revenue from electric supply services	25,976,768.96	33,567,840.55
Revenue from information services	17,318,973.22	28,873,112.54
Revenue from tallying services	28,935,553.46	31,880,758.94
Revenue from sales of products	14,976,617.72	17,819,370.39
Others	83,418,622.96	84,310,795.06
Total	3,221,965,028.15	3,651,188,686.81

11. Financial expenses

Item	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Interest costs	368,388,194.35	317,884,422.43
Of which: Interest on bank loans repayable within five years	281,115,074.16	317,884,422.43
Other interest	–	–
Less: Amounts capitalised on interest	23,716,376.89	23,084,564.16
Interest expenses	344,671,817.46	294,799,858.27
Less: Interest income	43,549,350.83	66,904,778.20
Exchange gains or losses	(13,682,837.99)	(52,700,029.85)
Others	608,563.38	2,195,399.93
Total	288,048,192.02	177,390,450.15

The breakdown of interest income is as follows:

Item	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Cash at bank and on hand	43,549,350.83	66,904,778.20

12. Credit impaired loss

Item	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Bad debt provision for accounts receivable	10,790,107.76	7,771,217.78
Bad debt provision for other receivables	2,383,381.86	4,451,568.66
Impairment losses on contract assets	(12,387,400.00)	–

13. Other income

Government grants that are related to ordinary activities are as follows:

Item	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)	Related to assets/ income
Relocation compensation	14,781,008.40	15,418,115.52	Related to assets
Vessel acquisition subsidies	388,108.80	388,108.78	Related to assets
Special fund for energy conservation and emission reduction	562,046.39	882,586.40	Related to assets
Equipment reconstruction subsidies	272,355.58	66,316.39	Related to assets
Subsidies for sea-railway transportation	1,095,515.46	–	Related to assets
Transportation junction passenger station project	1,706,442.72	–	Related to assets
Others related to assets	980,807.64	373,804.72	Related to assets
Operation subsidies	3,368,475.28	1,510,476.19	Related to income
Stable position subsidies	–	350,682.19	Related to income
Refund of commission of Individual income tax	3,823,275.68	–	Related to income
Input tax plus deduction	3,395,742.84	–	Related to income
Others related to income	3,932,542.70	147,432.38	Related to income
Total	34,306,321.49	19,137,522.57	

14. Investment income

Item	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Income from long-term equity investments under equity method	158,233,958.30	86,125,589.44
Investment income from disposal of long-term equity investment	295.00	–
Income earned during the holding period of financial assets held for trading	95,158.00	81,800.00
Dividend income from other investments on hand in equity instruments	290,000.00	530,879.35
Investment income from disposal of financial assets held for trading	25,826,548.42	4,266,726.69
Total	184,445,959.72	91,004,995.48

15. Income tax expenses

Item	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Current income tax	112,385,603.12	90,730,382.72
Deferred income tax	(11,161,383.85)	(1,499,740.56)
Total	101,224,219.27	89,230,642.16

The relationship between income tax expenses and the total profit is as follows:

Item	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Total profit	454,982,863.87	337,654,210.24
Income tax calculated at applicable tax rates	113,745,715.97	84,413,552.56
Effect of different tax rates applicable to certain subsidiaries	542,385.58	1,504,566.08
Adjustments for current income tax of prior period	327,408.22	(7,405,485.98)
Income not subject to tax	(39,558,563.33)	(25,385,926.24)
Expenses not deductible	1,877,015.94	581,868.35
Utilisation of deductible losses in previous years	(70,025.64)	(408,729.76)
Effect of unrecognised deductible temporary difference and deductible losses	24,360,282.53	35,930,797.15
Income tax expenses	101,224,219.27	89,230,642.16

16. Earnings per share

Basic earnings per share is calculated by dividing current net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding.

Item	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Consolidated net profit attributable to ordinary shareholders of the parent	288,235,814.81	176,180,847.60
Weighted average number of ordinary shares outstanding of the Company in issue	12,894,535,999.00	12,894,535,999.00
Basic earnings per share	0.02	0.01

17. Segment information

Operating segments

For management purposes, the Group is organized into business units based on their products and services and has seven reportable operating segments as follows:

(1) Oil and liquefied chemicals terminal and related logistics services, responsible for loading and discharging, storage and transshipment of oil and liquefied chemicals, port management and oil trade business;

(2) Container terminal and related logistics services, responsible for loading and discharging, storage and transshipment of containers, leasing of terminals, various container logistics services, port trading business and sale of properties;

(3) Passenger, roll-on, roll-off terminal and related logistics services, responsible for passenger transportation and general cargo roll-on and roll-off and provision of related logistics services;

(4) Automobile terminal and related logistics services, responsible for loading and discharging of automobile and related logistics services, automobile trading operation

(5) Bulk grains terminal and related logistics services, responsible for loading and unloading of grains and provision of related logistics services, bulk grains trading operation;

(6) Bulk and general cargo terminal and related logistics services, responsible for loading and unloading of ore and general cargo and provision of related logistics services, steel trading operation;

(7) Port value-added and ancillary services, responsible for tallying, tugging, transportation, power supply, information technology and construction services

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted total profit. The adjusted total profit is measured consistently with the Group's total profit except for certain revenue and expenses attributable to headquarters. Segment assets and liabilities exclude certain assets and liabilities attributable to headquarters as these assets and liabilities are managed by the Group.

The above reporting segments are the basis on which the Group reports its segment information and no operating segments have been aggregated to form the reportable segments.

Inter-segment revenue is eliminated on consolidation. Inter-segment sales and transactions are conducted in accordance with the terms mutually agreed between the parties.

For the six months ended 30 June 2019 (Unaudited):

Item	Oil/liquefied chemicals terminal and related logistics services and trading service	Container terminal and related logistics services and trading services	Bulk and general cargo terminal and related logistics services	Bulk grains terminal and related logistics services and trading services	Passenger, roll-on, roll-off terminal and related logistics services	Port value-added and ancillary services	Automobile terminal and related logistics services and trading services	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	868,990	1,330,432	425,515	68,962	83,458	402,255	6,081	36,272	–	3,221,965
Revenue from intersegment transactions	582	184	538	–	–	76,018	–	43,745	(121,067)	–
Operating cost	547,635	986,725	355,558	83,004	64,176	283,619	6,146	13,589	–	2,340,452
Investment income from associates and joint ventures	107,511	3,363	3,143	827	(709)	40,792	3,307	–	–	158,234
Credit impairment losses	2,668	2,370	6,242	(12,342)	(20)	690	17	1,161	–	786
Depreciation and amortisation expenses	133,695	91,280	29,271	14,776	4,246	231,719	1,003	41,817	–	547,807
Total profit/(loss)	363,149	181,680	28,987	(15,192)	2,835	92,278	(3,365)	(195,389)	–	454,983
Income tax expenses	60,423	56,340	4,596	(3,628)	906	16,027	73	(33,513)	–	101,224
Net profit/(loss)	302,726	125,340	24,391	(11,564)	1,929	76,251	(3,438)	(161,876)	–	353,759
Total assets	8,607,457	10,286,028	3,746,847	1,261,840	1,486,847	2,908,741	929,956	8,971,981	(1,906,819)	36,292,878
Total liabilities	2,409,972	4,953,848	106,524	126,367	67,325	213,381	42,290	9,277,850	(1,906,819)	15,290,738
Long-term equity investments in associates and joint venture	1,704,401	714,587	136,528	38,758	335,617	1,034,360	340,554	–	–	4,304,805
Increase in non-current asset	12,858	19,455	132	2,947	863	1,576	23,556	64,089	–	125,476

Other information

Geographical information

All operations and customers of the Group are located in Mainland China. Accordingly, revenues of segments are generated from Mainland China and the major non-current assets are also located in Mainland China.

Information about major customers

For the six months ended 30 June 2019, there was no revenue generated from one single customer reaching or exceeding 10% of the Group's total revenue (2018: nil).

18. EVENTS AFTER THE BALANCE SHEET DATE

Nil.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

In the first half of 2019, clouded by the situation of international trade, the growth momentum of global economy was significantly weakened. Against the backdrop of increasing operational risks and uncertainties in the world economy as well as international investors' lack of confidence, the resilience and vitality of China's economy continued to inject impetus into global economic growth. During the same period, China's economy has continued to revive, and the investment, consumption and import and export trade witnessed a continuous increase. In the first half of the year, China's GDP grew by 6.3% year-on-year, and the total value of import and export increased by 3.9% on a year-on-year basis.

In the first half of the year, cargo throughput handled by China's large-scale ports amounted to 6.71 billion tonnes, representing a year-on-year increase of 2.6%. In particular, cargo throughput handled at coastal ports in China was 4.49 billion tonnes, representing a year-on-year decrease of 2.0%. (Source from "Chineseport Website")

During the reporting period, the Group principally engaged in following businesses: oil/liquefied chemical terminal and the related logistics services (Oil Segment); container terminal and related logistics services (Container Segment); automobile terminal and related logistics services (Automobile Terminal Segment); bulk and general cargo terminal and related logistics services (Bulk and General Cargo Segment); bulk grain terminal and related logistics services (Bulk Grain Segment); passenger and roll-on, roll-off terminal and related logistics services (Passenger and Ro-Ro Segment) and value-added and ancillary port operations (Value-added Services Segment).

In the first half of 2019, details of the general information on the macro-economy and industries relevant to the Group's principal business were set out as follows:

Oil Segment: In the first half of 2019, because of the complex and ever-changing situation of international economy, international crude oil expected demand had decreased. The domestic economy maintained fast yet steady development. Whereas, with the successive commissioning of major and private large-scale refining projects and adjustment of domestic economic structure, the demand for imported crude oil from large private refineries had increased. In the first half of the year, China imported 245 million tonnes of crude oil, representing an increase of 8.9% as compared to the same period last year.

Container Segment: Affected by the macro-economy, port production has shown signs of stable growth. From January to June 2019, containers throughput handled by overall ports in China amounted to 127 million TEU, representing a year-on-year increase of 5.8%.

Automobile Terminal Segment: In the first half of 2019, automobile production and sales volume in China maintained a declining tendency. Automobile production and sales volume in the first half of the year was 12,132,000 vehicles and 12,323,000 vehicles, representing a year-on-year decrease of 13.7% and 12.4%.

Bulk and General Cargo Segment: In the first half of 2019, due to the reduction in supply caused by natural disasters in Brazil and Australia and other factors, iron ore prices continued to rise, reducing the tonnes of external mines used in steel mills. During the first half of the year, iron ore imports in China amounted to 499 million tonnes, representing a year-on-year decrease of 8.6%. The output of crude steel across China in the first half of 2019 reached approximately 492 million tonnes, representing an increase of 11.8% year-on-year.

Bulk Grain Segment: In the first half of 2019, the corn market was in profit in the first quarter, accompanied by unhindered trade between the northern and southern markets. However, since April, the demand in the southern market has been sluggish, which has impeded the food system of the northern and southern markets.

Passenger and Ro-Ro Segment: In the first half of 2019, passengers of the inter-provincial routes of Dalian Port increased by 6.1%; Ro-Ro vehicles increased by 1.7%. The Group implemented precision marketing to stimulate the development of ticket office network and online ticketing. The total number of passengers during the first half of the year was higher than that of the same period of the previous year.

In the first half of 2019, the Group's major business segments achieved stable performance. In terms of throughput, the Group handled a total of 29.49 million tonnes of oil/liquefied chemicals, representing a year-on-year increase of 8.7%, of which 11.429 million tonnes were imported crude oil, representing a year-on-year increase of 5.3%. In the Container Segment, the Group handled 5.066 million TEUs, representing a decrease of 7.9% on a year-on-year basis, of which 4.30 million TEUs were handled by the Group at Dalian port, representing a decrease of 9.8% on a year-on-year basis. In the Automobile Terminal Segment, the Group handled 388,272 vehicles, representing an increase of 8.3% on a year-on-year basis. The Group handled 30.156 million tonnes, representing an increase of 0.3% on a year-on-year basis at the relevant bulk and general cargo terminal. In the Bulk Grain Segment, the Group handled 2.081 million tonnes of bulk grain, representing a decrease of 29.6% on a year-on-year basis. In the Passenger and Ro-Ro Segment, the Group transported 1.914 million passengers, representing a year-on-year increase of 10.4%, and 397,000 vehicles, representing a year-on-year decrease of 38.9%.

OVERALL RESULTS REVIEW

In the first half of 2019, the Group's net profit attributable to shareholders of the parent company amounted to RMB288,235,814.81, representing an increase of RMB112,054,967.21 or 63.6% as compared with RMB176,180,847.60 in the first half of 2018.

In the first half of 2019, the gross profit of the Group increased significantly as compared with the corresponding period of last year, mainly attributable to the increase of crude oil storage business, which is partially offset by the reduced sales of general cargo and bulk grain business, and the decrease of harbour dues caused by policy factors. The increase in crude oil storage and LNG business has driven the performance growth of investees and the application of tax reduction policies has increased tax revenues, and those reasons lead to the increase of operating profit. However, the profit margin was cut down, which is attributed to, among others, reduced exchange gains resulted from exchange rate fluctuations in capital market, and increased financial costs due to the implementation of new lease standards. In light of the above, the Group's net profit attributable to the parent company reported a year-on-year increase of 63.6%.

In the first half of 2019, the Group's basic earnings per share amounted to RMB2.24 cents, representing an increase of RMB0.87 cent or 63.6% as compared with RMB1.37 cents in the first half of 2018.

Changes in the principal components of the net profit are set out as follows:

Item	In first half of 2019 (RMB)	In first half of 2018 (RMB)	Changes (%)
Net profit attributable to shareholders of the parent company	288,235,814.81	176,180,847.60	63.6
Including:			
Revenue	3,221,965,028.15	3,651,188,686.81	(11.8)
Cost of sales	2,340,452,073.92	2,883,562,165.72	(18.8)
Gross profit	881,512,954.23	767,626,521.09	14.8
Gross profit margin	27.4%	21.0%	Up by 6.4 percentage points
Administrative expenses	324,747,194.49	331,847,950.61	(2.1)
Finance costs	288,048,192.02	177,390,450.15	62.4
Credit impairment loss	786,089.62	12,222,786.44	(93.6)
Other revenue	34,306,321.49	19,137,522.57	79.3
Investment income	184,445,959.72	91,004,995.48	102.7
Net non-operating income (Note 1)	2,266,885.83	6,477,135.33	(65.0)
Income tax expense	101,224,219.27	89,230,642.16	13.4

Note 1: Net non-operating income = Non-operating income – Non-operating expenses

In the first half of 2019, the Group's revenue decreased by RMB429,223,658.66 or 11.8% year-on-year, primarily attributable to the year-on-year decrease of 78.4% in the revenue from trading business, which was mainly due to the structural adjustments actively undertaken by the Group in relation to controlling risks and boosting trading business quality and profitability. Excluding the effect of trading business, revenue would have increased by 8.0% year-on-year, mainly due to the increase of revenue as a result of the growth of crude oil storage business, structural adjustments to branch line business in Bohai Rim region, and the increased volume of container transit business. But the growth rate of revenue was partially offset by the reduction on harbour dues caused by policy factors and the decrease in grain throughput and domestic trade volume of container.

In the first half of 2019, the Group's cost of sales decreased by RMB543,110,091.80 or 18.8% year-on-year, mainly due to the year-on-year decrease of 79.2% in costs of trading business. Excluding the effect of trading business, cost of sales would have increased by 5.2% year-on-year, mainly due to the increase of tank rental and labour costs from the growth of crude oil storage business, the increase of repair costs arising from regular equipment maintenance, as well as the increase of transportation costs as a result of structural adjustments to branch line business in Bohai Rim region and increased volume of container transit business. However, the implementation of the new leasing standard had caused a reduction in total operating costs.

In the first half of 2019, the gross profit of the Group increased by RMB113,886,433.14 or 14.8% year-on-year, with the gross profit margin up by 6.4 percentage points, mainly attributable to the combined effect of the growth of crude oil storage business with high gross profit margin, shrink of trading business with lower gross profit margin and reduction of rental costs due to the implementation of the new leasing standard. The growth rate of gross profit was curtailed by reduction on harbour dues caused by policy factors and the decrease in grain throughput and domestic trade volume of container.

In the first half of 2019, the selling expenses of the Group decreased by RMB329,999.56 or 67.3% year-on-year, mainly attributable to the decline in sales exhibition fees.

In the first half of 2019, the Group's general and administrative expenses decreased by RMB7,100,756.12 or 2.1% year-on-year, mainly due to the decrease in rental costs resulted from the implementation of the new leasing standard and the decrease in legal advisory services as well as consultancy services, whereas the bonuses of the employees increased year-on-year.

In the first half of 2019, the Group's R&D expenses increased by RMB1,636,083.09 or 30.1% year-on-year, mainly due to the increased R&D labor costs caused by the increase of R&D projects.

In the first half of 2019, the Group's finance costs increased by RMB110,657,741.87 or 62.4% year-on-year, mainly due to interest expenses increased by RMB87.30 million as a result of the implementation of the new leasing standard which changed the accounting method of the lessee for operating leasing business, while the exchange income decreased.

In the first half of 2019, the Group's other income increased year-on-year by RMB15,168,798.92 or 79.3%, mainly due to the increase of other income caused by the preferential tax policy of deducting additional 10% of VAT input tax.

In the first half of 2019, the Group's investment income increased year-on-year by RMB93,440,964.24 or 102.7%, which was mainly because of the investment income increased by RMB71.42 million due to the growth of crude oil storage and LNG business, and wealth management income increased by RMB22.02 million year-on-year.

In the first half of 2019, the credit impairment losses of the Group decreased year-on-year by RMB11,436,696.82 or 93.6%, mainly affected by contract assets-related amount collected in this period.

In the first half of 2019, the Group's net non-operating income decreased year-on-year by RMB4,210,249.50 or 65.0%, mainly due to the combined effect of late payment penalties and compensation payments from customers during the same period of last year.

In the first half of 2019, the Group's income tax expenses increased year-on-year by RMB11,993,577.11 or 13.4%, mainly due to the increased taxable income caused by the increased gross profit of the Group and the decline of expected credit losses, while the taxable income was correspondingly offset by the increase in financial expenses due to the implementation of new lease standards.

Assets and Liabilities

As at 30 June 2019, the Group's total assets and net assets amounted to RMB36,292,878,028.86 and RMB21,002,139,988.28 respectively. Net asset value per share was RMB1.42, basically unchanged from that of 31 December 2018.

As at 30 June 2019, the Group's total liabilities amounted to RMB15,290,738,040.58, of which total outstanding borrowings amounted to RMB9,344,386,252.44 (this part of borrowings carries a fixed interest rate). The gearing ratio was 42.13% (total liabilities: RMB15,290,738,040.58/total assets: RMB36,292,878,028.86, representing an increase of 1.2 percentage points as compared with 40.93% as at 31 December 2018, which was mainly due to the implementation of the new leasing standard increased the impact of the use rights liability, while its growth rate was offset by the reduction of overall debt size through repayment of bank borrowings.

Financial Resources and Liquidity

As at 30 June 2019, the Group had a balance of cash and cash equivalents of RMB3,552,339,363.75, representing a decrease of RMB2,002,205,880.58 as compared to that of 31 December 2018.

In the first half of 2019, the Group's net cash inflows generated from operating activities amounted to RMB498,242,956.72, net cash inflows for investing activities amounted to RMB480,702,860.41, and net cash outflows for financing activities amounted to RMB2,994,903,939.68.

Benefiting from the sufficient operating cash inflow contributed by positive result, our ability to raise capital through multiple financing channels such as bond issuance in capital market and bank borrowings, and the Group's prudent decision making in assets and equity investments, the Group maintained its solid financial position and capital structure.

As at 30 June 2019, the Group's outstanding borrowings amounted to RMB9,344,386,252.44 (this part of borrowings carries a fixed interest rate), in which RMB1,803,475,435.12 were borrowings repayable within one year, and RMB7,540,910,817.32 were borrowings repayable after one year.

The Group's net debt-equity ratio was 36.1% as at 30 June 2019 (22.0% as at 31 December 2018), mainly due to the implementation of new lease standards which has impact on lease liabilities. The Group had protected against solvency risk and maintained an overall healthy financial structure.

As of 30 June 2019, the Group's unutilized bank line of credit amounted to RMB12.78 billion.

As an A-share and H-share dual-listed company, the Group enjoys access to both domestic and overseas capital markets for financing. China Chengxin International Credit Rating Co., Ltd. and China Chengxin Securities Rating Co., Ltd., both being external rating agencies, have assigned issuer credit composite ratings of AAA on the Group with stable credit rating outlook, indicating the Group's sound condition in capital market financing.

The Group continued to closely monitor its interest rate risk and exchange rate risk. As of 30 June 2019, the Group has not entered into any foreign exchange hedging contracts.

CONTINGENT LIABILITIES

Guarantee

The Company's associate, Dalian North Oil Petroleum Logistics Co., Ltd. ("**DNPL**"), financed RMB116 million by means of finance leasing from Zhongbing Financial Leasing Co., Ltd. ("Lessor") for a term of 5 years starting from 25 July 2016. As the substantial shareholder (29% equity interests) of DNPL, China Zhenhua Oil Co., Ltd. provided full guarantee with joint and several liability for the rental to be paid by DNPL.

Pursuant to the resolutions approved at the fifth meeting of the fourth session of the Board of Directors in 2016, the Company provided a counter guarantee for 20% of the guarantee liability and other necessary expenses and losses actually assumed by China Zhenhua Oil Co., Ltd. to the Lessor for DNPL. The counter guarantee was unconditional, non-cancellable and with joint liability and the relevant counter guarantee contract was signed on 11 November 2016. The counter guarantee period shall be two years since the date when China Zhenhua Oil Co., Ltd. has the guarantee responsibility to the Lessor according to the guarantee contract. If China Zhenhua Oil Co., Ltd. fulfils its guarantee obligation to the Lessor according to the guarantee contract more than once, the counter guarantee period provided by the Company will have to be calculated separately. As of 30 June 2019, DNPL had made rental payments of RMB66 million.

USE OF PROCEEDS

Net proceeds of the public offering of 762 million A Shares in 2010 obtained by the Company amounted to approximately RMB2,772,091,519.47. As at 30 June 2019, the Company had used approximately RMB2,417,125,000.00 of the proceeds and RMB354,966,500.00 of the proceeds remained unused. In March 2019, we made use of idle cash of RMB400,000,000.00 out of the proceeds to replenish the Company's working capital (including an interest income of RMB81,000,000.00), and the remaining account balance was RMB40,017,100.00 (including an interest income of RMB4,050,600.00).

Unit: RMB

Projects	Total proceeds	Use of proceeds as at 30 June 2019	Balance
Construction of oil storage tanks with a total capacity of 1,000,000 m^3 in Xingang	760,000,000.00	525,656,100.00	234,343,900.00
Construction of oil storage tanks with a total capacity of 600,000 m^3 in the Xingang resort area	550,000,000.00	550,000,000.00	
Construction of phase II of the Shatuozi oil storage tanks project in the Xingang Shatuozi area	29,600,000.00	29,600,000.00	
LNG Project	320,000,000.00	320,000,000.00	
No.4 stacking yard for ore terminal	520,000,000.00	417,374,900.00	102,625,100.00
Purchase of gantry for ore terminal	37,200,000.00	37,200,000.00	
Purchase of 300 bulk grain carriages	150,000,000.00	150,000,000.00	
Ro-ro ships for carrying cars	230,000,000.00	212,002,500.00	17,997,500.00
Construction of railway siding in Muling	41,250,000.00	41,250,000.00	
Construction of information systems	50,000,000.00	50,000,000.00	
Investment in phase III of Dayao Bay Terminal	84,041,500.00	84,041,500.00	
Total	2,772,091,500.00	2,417,125,000.00	354,966,500.00

Note: In order to reduce the amount of idle cash, achieve more efficient use of funds and lower capital costs for the Company, the first meeting of the five session of the Company's board of directors in 2019 passed a resolution regarding the temporary use of certain idle cash from the A Shares IPO proceeds to improve the liquidity of the Company's working capital. The Company was authorised to use idle cash of RMB400,000,000.00 out of the proceeds (including an interest income of RMB81,000,000.00) to replenish the Company's working capital. Such an authorisation is valid for a period of not more than twelve months from the passing of the relevant Board resolution. The Company's independent directors, supervisory committee and sponsors expressed their respective opinions on the Board resolution, and the Company issued a relevant announcement on 26 March 2019.

CAPITAL EXPENDITURE

In the first half of 2019, the Group's capital expenditure amounted to RMB125,476,016.63, which was mainly funded by the surplus cash generated from operating activities, the proceeds from the public offering of A Shares and other external financing.

The performance analysis of each business segment in the first half of 2019 is as follows:

Oil Segment

The following table sets out the oil/liquefied chemicals throughput handled by the Group in the first half of 2019 with comparative figures for the first half of 2018:

	For the six months ended 30 June 2019 ('0,000 tonnes)	For the six months ended 30 June 2018 ('0,000 tonnes)	Increase/ (decrease)
Crude oil	1,984.6	1,804.3	10.0%
– Foreign trade imported crude oil	1,142.9	1,085.7	5.3%
Refined oil	541.9	540.0	0.4%
Liquefied chemicals	75.6	76.1	(0.7%)
LNG	346.9	292.9	18.4%
Total	2,949.0	2,713.3	8.7%

In the first half of 2019, in terms of throughput of oil/liquefied chemicals, the Group handled a total of 29.49 million tonnes, representing an increase of 8.7% on a year-on-year basis.

In the first half of 2019, the Group's crude oil throughput increased by 10.0% year-on-year to 19.846 million tonnes, of which 11.429 million tonnes were imported crude oil, representing a year-on-year increase of 5.3%, mainly attributable to the significant increase in crude oil demand as a result of private refineries in the hinterland expanding their production capacity. However, the global market structure was unfavorable for international transshipment and some major refineries had maintenance shutdowns, which partially inhibited the growth of crude oil throughput, resulting in a year-on-year increase in the Group's crude oil throughput in the first half of the year.

In the first half of 2019, the Group's refined oil throughput amounted to 5.419 million tonnes, representing a year-on-year increase of 0.4%, mainly attributable to the higher transshipment demand from refineries in Northeast China, while some major refineries in the hinterland had maintenance shutdowns, resulting in a less growth as compared with the same period last year.

In the first half of 2019, the Group's liquefied chemicals throughput was 756 thousand tonnes, representing a year-on-year decrease of 0.7%, basically unchanged compared with the same period of last year, which was resulted from the stability of the Group's customers in liquefied chemicals business.

In the first half of 2019, the Group's LNG throughput amounted to 3.469 million tonnes, representing a year-on-year increase of 18.4%, mainly attributable to the increase in domestic LNG demands and the increase in LNG consumption in Northeast and North China, resulting in a significant increase in LNG throughput as compared with the same period of last year.

In the first half of 2019, the total imported crude oil throughput handled by the Group's ports accounted for 74.3% (100% in the first half of 2018) and 42.5% (51.2% in the first half of 2018) of the total amount of crude oil imported through the ports of Dalian and Northeast China, respectively. The Group's total oil products throughput accounted for 64.1% (70.6% in the first half of 2018) and 35.2% (36.3% in the first half of 2018) of the total market share of the ports of Dalian and Northeast China, respectively. The year-on-year decrease in the market share of oil products was mainly attributable to the completion and commissioning of the ports owned by some private refineries in the hinterland.

The performance of the Oil Segment is set out as follows:

Item	In the first half of 2019 (RMB)	In the first half of 2018 (RMB)	Change (%)
Revenue	868,990,299.07	579,802,848.18	49.9
Share of the Group's revenue	27.0%	15.9%	Up by 11.1 percentage points
Gross profit	321,354,968.65	167,918,550.72	91.4
Share of the Group's gross profit	36.5%	21.9%	Up by 14.6 percentage points
Gross profit margin	37.0%	29.0%	Up by 8.0 percentage points

In the first half of 2019, the revenue from the Oil Segment increased year-on-year by 49.9%, mainly due to the higher revenue from handling services and storage services as the crude oil throughput and storage volume increased.

The gross profit margin of the segment increased year-on-year by 8.0 percentage points, mainly due to the growth of storage business with high gross profit margin.

In the first half of 2019, major measures taken by the Group and the progress of key projects related to the Group are set out as follows:

- Deepening cooperation with private refineries in the hinterland to meet their storage and transshipment needs and further increasing the transshipment and distribution of the crude oil.

- Leveraging on the advanced experience at home, successfully obtaining permission to conduct the fuel oil business of “Bonded Mixed Oil, Offshore Direct Supply” from the Customs.

- Cooperating with Nanjing Tanker Corporation to attract customers in North China and North Shandong and developing transshipment business for crude oil in Bohai Rim region, promoting crude oil throughput growth.

- Formally obtaining approval from MOFCOM to conduct crude oil storage business in April and thus became qualified to apply for the construction of delivery point for the settlement of crude oil futures.

Container Segment

The following table sets out the container segment's throughput handled by the Group in the first half of 2019, with comparative figures for the first half of 2018:

		For the six months ended 30 June 2019 ('0,000 TEUs)	For the six months ended 30 June 2018 ('0,000 TEUs)	Increase/ (decrease)
Foreign trade	Dalian port	264.1	262.9	0.5%
	Other ports (Note 1)	2.8	7.1	(60.6%)
	Sub-total	266.9	270.0	(1.2%)
Domestic trade	Dalian port	165.9	213.7	(22.4%)
	Other ports (Note 1)	73.8	66.6	10.8%
	Sub-total	239.7	280.3	(14.5%)
Total	Dalian port	430.0	476.6	(9.8%)
	Other ports (Note 1)	76.6	73.7	3.9%
	Total	506.6	550.3	(7.9%)

Note 1: Throughput at other ports handled by the Group refers to the aggregate throughput of Jinzhou New Age Container Terminal Co., Ltd. (錦州新時代集裝箱碼頭有限公司), which is owned as to 15% by the Group, and Qinhuangdao Port New Harbour Container Terminal Co., Ltd. (秦皇島港新港灣集裝箱碼頭有限公司), which is owned as to 15% by the Group.

In the first half of 2019, in terms of container throughput, the Group handled a total of 5.066 million TEUs, representing a year-on-year decrease of 7.9%. At Dalian port, the Group handled 4.3 million TEUs, representing a year-on-year decrease of 9.8%, of which container throughput for foreign trade increased year-on-year by 0.5%, and container throughput for domestic trade decreased by year-on-year 22.4%.

In the first half of 2019, the Group's container business accounted for 98.6% (98.9% in the first half of 2018) of the total market share of Dalian port and 55.9% (50.4% in the first half of 2018) of the ports in Northeast China. The Group's container throughput for foreign trade accounted for 100% (100% in the first half of 2018) of the total market share of Dalian port and 98.2% (97.8% in the first half of 2018) of the ports in Northeast China.

The performance of the Container Segment is set out as follows:

Item	In the first half of 2019 (RMB)	In the first half of 2018 (RMB)	Change (%)
Revenue	1,330,431,489.48	1,706,217,273.06	(22.0)
Share of the Group's revenue	41.3%	46.7%	Down by 5.4 percentage points
Gross profit	343,705,692.87	326,371,905.68	5.3
Share of the Group's gross profit	39.0%	42.5%	Down by 3.5 percentage points
Gross profit margin	25.8%	19.1%	Up by 6.7 percentage points

In the first half of 2019, the revenue from the Container Segment decreased year-on-year by 22.0%, mainly due to the drop in the revenue from trading business. Excluding the effect of trading business, revenue was basically unchanged from the corresponding period of last year, as the increase in transportation revenue, which was driven by structural adjustments to branch line business in Bohai Rim region and increased volume of container transit business, was offset by the decrease in harbour dues caused by policy factors and lower container throughput for domestic trade.

The gross profit margin of the segment increased year-on-year by 6.7 percentage points. Excluding the effect of trading business, the gross profit margin increased year-on-year by 1.0 percentage point, mainly due to the combined effects of the decrease in cost of sales caused by the implementation of the new leasing standard, which has adjusted the accounting method that lessees measured the operating leases, and the drop in harbour dues.

In the first half of 2019, major measures taken by the Group and the progress of key projects related to the Group were set out as follows:

- By virtue of efficient terminal service and perfect feeder network layout of the Group, 3 new foreign trade routes and 1 new domestic trade route were added, realizing full coverage of ports in South-East Asia Region and further optimizing network layout of shipping routes.

- Uniting feeder business and improving operation models to reduce operation cost significantly, bringing positive effects. Foreign trade transshipment business in Bohai Rim in terms of feeder region grew fast, which further manifested the pivotal role of Bohai Rim region.

- Responding actively to national strategies on multimodal transportation development and further promoting the construction of national multimodal transportation demonstration projects in Dalian.

- Opening two special routes namely "Dalian – St Petersburg" Maersk commercial train and "Dalian – Vorotensk" commercial train to enhance the brand influence of China-Europe freight trains.

- Improving service functions, accelerating transformation and upgrading of the port, with a focus on developing cold storage import supply, therefore the scale of cold storage import logistics center was further expanded.

Automobile Terminal Segment

The following table sets out the throughput handled by the Group's automobile terminal in the first half of 2019, with comparative figures for the first half of 2018:

		For the six months ended 30 June 2019	For the six months ended 30 June 2018	Increase/ (decrease)
Vehicles (units)	Foreign trade	6,496	4,231	53.5%
	Domestic trade	381,776	354,174	7.8%
	Total	388,272	358,405	8.3%
Equipment (tonnes)		12,115	5,225	131.9%

In the first half of 2019, the Group handled a total of 388,272 vehicles in automobile terminal, representing a year-on-year increase of 8.3%.

In the first half of 2019, the Group's vehicle throughput accounted for 100% (100% in the first half of 2018) of the total market share of the ports in Northeast China.

The performance of the Automobile Terminal Segment is set out as follows:

Item	In the first half of 2019 (RMB)	In the first half of 2018 (RMB)	Change (%)
Revenue	6,081,222.15	231,701,424.69	(97.4)
Share of the Group's revenue	0.2%	6.3%	Down by 6.1 percentage points
Gross profit	(64,764.38)	6,661,467.35	(101.0)
Share of the Group's gross profit	0.0%	0.9%	Down by 0.9 percentage points
Gross profit margin	(1.1%)	2.9%	Down by 4.0 percentage points

In the first half of 2019, the revenue from the Automobile Segment decreased year-on-year by 97.4%, which was mainly due to the decrease in trade service business. Excluding the effect of trading business, the revenue increased year-on-year by 1790.7%, mainly due to the joint influence of the operation of Haijia automobile terminal and year-on-year increase of vehicle logistics business.

The gross profit margin of the segment decreased year-on-year by 4.0 percentage points.

In the first half of 2019, major measures taken by the Group and the progress of key projects related to the Group were set out as follows:

- Through continuing to deepen the cooperation with main engine factories in the hinterland and China Railway Special Cargo Logistics (CRSCL) and strengthening competitive advantages of sea-to-rail intermodal transportation of vehicles, driving the business to maintain sustainable and fast growth.

- Through continuing to deepen market development and promoting the commissioning of water transportation in Dalian Port by several new brands, resulting in the influence of the Port to be further enhanced.

Bulk and General Cargo Segment

The following table sets out the throughput handled by the Group's bulk and general cargo terminal in the first half of 2019, with comparative figures for the first half of 2018:

	For the six months ended 30 June 2019 ('0,000 tonnes)	For the six months ended 30 June 2018 ('0,000 tonnes)	Increase/ (decrease)
Steel	297.6	353.7	(15.9%)
Coal	466.3	505.6	(7.8%)
Equipment	75.1	51.1	47.0%
Ore	1,429.1	1,479.2	(3.4%)
Others	747.5	617.5	21.1%
Total	3,015.6	3,007.1	0.3%

In the first half of 2019, the throughput of the Group's General Cargo Segment amounted to 30.156 million tonnes, representing a year-on-year increase of 0.3%.

In the first half of 2019, the throughput of the Group's Ore Segment amounted to 14.291 million tonnes, representing a year-on-year decrease of 3.4%. Such decrease was mainly due to factors including the decrease in external ore supply caused by dam break in Brazil, heavy rain in northern Brazil and hurricane in Australia and continuous rise of iron ore price, which resulted in the year-on-year decrease in the Group's ore import.

In the first half of 2019, the Group's steel throughput was 2.976 million tonnes, representing a year-on-year decrease of 15.9%, mainly due to the year-on-year decrease in the Group's steel shipment volume as surrounding ports took away part of shipment supplies from us through low-price competition.

In the first half of 2019, the Group's coal throughput was 4.663 million tonnes, representing a year-on-year decrease of 7.8%, mainly due to the decrease in coal purchase quantity in the first half year as a result of large inventory of related coal customers in the end of the whole year.

In the first half of 2019, the Group's equipment throughput was 0.751 million tonnes, representing a year-on-year increase of 47.0%, mainly due to the equipment base construction in the port area and improvement of shipping routes for bulky cargo, resulting in the year-on-year increase of the Group's equipment throughput in the first half year.

In the first half of 2019, the Group's ore throughput, steel throughput and coal throughput accounted for 35.1% (30.1% in the first half of 2018), 11.6% (13.8% in the first half of 2018) and 16.5% (20.5% in the first half of 2018), respectively, of the total throughput of the ports in Northeast China.

The performance of the Bulk and General Cargo Segment is set out as follows:

Item	In the first half of 2019 (RMB)	In the first half of 2018 (RMB)	Change (%)
Revenue	425,514,453.10	436,341,957.28	(2.5)
Share of the Group's revenue	13.2%	12.0%	Up by 1.3 percentage points
Gross profit	69,956,326.64	101,282,553.34	(30.9)
Share of the Group's gross profit	7.9%	13.2%	Down by 5.3 percentage points
Gross profit margin	16.4%	23.2%	Down by 6.8 percentage points

In the first half of 2019, the revenue from the Bulk and General Cargo Segment decreased year-on year by 2.5%, which was mainly due to the combined effect of the decrease in throughput of ore, steel and coal and other commodities and reduction on harbour dues caused by policy factors.

The gross profit margin of the segment decreased year-on-year by 6.8 percentage points, which was mainly caused by the decrease of harbour dues and increase of land lease cost, labour cost and other fixed costs.

In the first half of 2019, major measures taken by the Group and the progress of key projects related to the Group were set out as follows:

- Actively visiting many customers in the hinterland and strengthening the cooperation with customers continuously.

- Deepening the cooperation with Vale to promote construction of mixed core transfer and distribution center in Northeast Asia and expand the scale of mixed ore transferred to Japan and South Korea.

Bulk Grain Segment

The following table sets out the throughput handled by the Group's bulk grain terminal in the first half of 2019, with comparative figures for the first half of 2018:

	For the six months ended 30 June 2019 ('0,000 tonnes)	For the six months ended 30 June 2018 ('0,000 tonnes)	Increase/ (decrease)
Corn	92.1	98.7	(6.7%)
Soy bean	30.5	78.9	(61.3%)
Barley	26.3	29.0	(9.3%)
Others	59.2	89.0	(33.5%)
Total	208.1	295.6	(29.6%)

In the first half of 2019, the throughput of the Group's Bulk Grain Segment amounted to 2.081 million tonnes, representing a year-on-year decrease of 29.6%.

In the first half of 2019, the Group's corn throughput was 921,000 tonnes, representing a year-on-year decrease of 6.7%. The decrease was mainly attributable to the weak demand from southern downstream market since the second quarter, corn systems being hampered in southern and northern market, and the decreased volume of corn transshipment at Liaoning port, so that the Group recorded a substantial decrease in terms of throughput in the first half of 2019.

In the first half of 2019, the Group's soybean throughput was 305,000 tonnes, representing a year-on-year decrease of 61.3%. The substantial year-on-year decrease of Group's soybean throughput in the first half of the year was mainly due to the global trade situation.

In the first half of 2019, the Group's bulk grain throughput accounted for 8.9% (8.7% in the first half of 2018) of the total throughput of the ports in Northeast China.

The performance of the Bulk Grain Segment is set out as follows:

Item	In the first half of 2019 (RMB)	In the first half of 2018 (RMB)	Change (%)
Revenue	68,962,056.05	172,810,678.72	(60.1)
Share of the Group's revenue	2.1%	4.7%	Down by 2.6 percentage points
Gross profit	(14,041,525.49)	(2,207,826.04)	(536.0)
Share of the Group's gross profit	(1.6%)	(0.3%)	Down by 1.3 percentage points
Gross profit margin	(20.4%)	(1.3%)	Down by 19.1 percentage points

In the first half of 2019, the revenue from the Bulk Grain Segment decreased year-on-year by 60.1%. Excluding the effect of trading business, the revenue decreased year-on-year by 24.0%, which was mainly due to the combined effect of the decrease in throughput of corn and soy bean and other commodities and reduction on harbour dues caused by policy factors.

The gross profit margin of the segment decreased year-on-year by 19.1 percentage points. Excluding the effect of trading business, the gross profit margin of the segment decreased year-on-year by 21.0 percentage points, which was mainly due to the decrease of gross profit margin caused by the decrease of the throughput of corn and soy bean and the decrease of harbour dues at the request of the NDRC.

In the first half of 2019, major measures taken by the Group and the progress of key projects related to the Group were set out as follows:

- Cooperating with customers to jointly promote transportation of Heilongjiang-Dalian bulk grain train and improving the efficiency of transporting grains from inland to the port.

- Cooperating with shipping companies to open liner routes for transporting grains from Dalian port to Southern ports, and preparing connections with operation and organization of ports to improve the entire grain logistics service system.

Passenger and Ro-Ro Segment

The following table sets out the passenger and roll-on roll-off throughput handled by the Group in the first half of 2019, with comparative figures in the first half of 2018:

	For the Six months ended 30 June 2019	For the Six months ended 30 June 2018	Increase/ (decrease)
Passengers (‘0,000 persons)	191.4	173.4	10.4%
Vehicles (‘0,000 units)	39.7	65.0	(38.9%)

Throughput of passengers in passenger, roll-on, roll-off terminal was 1.914 million persons, representing an increase of 10.4% as compared to the same period last year. Throughput of vehicles amounted to 397,000 units, representing a decrease of 38.9% as compared to the same period last year. Such decrease of roll-on and roll-off throughput was mainly due to the adjustment of calculation methods for ro-ro vehicles throughput in the ports by Ministry of Transport from January 2019.

The performance of the Passenger and Ro-Ro segment is set out as follows:

Item	In the first half of 2019 (RMB)	In the first half of 2018 (RMB)	Change (%)
Revenue	83,458,420.62	75,588,831.77	10.4
Share of the Group’s revenue	2.6%	2.1%	Up by 0.5 percentage point
Gross profit	19,282,063.33	21,618,646.79	(10.8)
Share of the Group’s gross profit	2.2%	2.8%	Down by 0.6 percentage point
Gross profit margin	23.1%	28.6%	Down by 5.5 percentage points

In the first half of 2019, the revenue from the Passenger and Ro-Ro Segment increased year-on-year by 10.4%, mainly due to the rise in the number of outgoing voyages and outbound passenger volume.

Gross profit margin decreased year-on-year by 5.5 percentage points, mainly attributable to the revenue growth failed to cover fixed cost increased by commissioning of Dalian Bay New Passenger Station.

In the first half of 2019, major measures taken by the Group and the progress of key projects related to the Group were set out as follows:

- Completing 15 outgoing voyages of international cruise ships, 3 transshipment voyages and 2 visit voyages in the first half of the year, representing a total of inbound and outbound passenger throughput of 45,000 persons, up by 15,000 persons year-on-year.

- Deepening cooperation with all relevant parties, launching a new "Lvshun – Weifang" shipping routes for roll-on roll-off cargos, making breakthroughs of roll-on roll-off business.

Value-added Services Segment

Tugging

In the first half of 2019, the Group made strides in business of tugboat lease and tugging operation outside the port by strengthening expansion of the market outside the port. Tugging business increased year-on-year by 3.0%.

Tallying

In the first half of 2019, tallying throughput of main cargos declined due to fierce competition of tallying market in Dalian port. The total tallying throughput handled by the Group was approximately 18.905 million tonnes, representing a year-on-year decrease of 20.3%.

Railway

In the first half of 2019, benefiting from the "truck-to-rail" policy in Beijing-Tianjin-Hebei Region around Bohai Rim, the increment of integrated multimodal transportation of bulk cargo was significant. In terms of the operation of railway transportation, the Group handled a total of approximately 337,000 carriages, representing a year-on-year increase of 1.5%.

The performance of the Value-added Services Segment is set out as follows:

Item	In the first half of 2019 (RMB)	In the first half of 2018 (RMB)	Change (%)
Revenue	402,254,637.03	407,405,315.36	(1.3)
Share of the Group's revenue	12.5%	11.2%	Up by 1.3 percentage points
Gross profit	118,636,049.56	140,398,214.63	(15.5)
Share of the Group's gross profit	13.5%	18.3%	Down by 4.8 percentage points
Gross profit margin	29.5%	34.5%	Down by 5.0 percentage points

In the first half of 2019, the revenue from the Value-added Services Segment decreased year-on-year by 1.3%, mainly due to less supervision business, while the increase of railway's collecting and distributing capacity and outport tugboat operation volume fueled the growth of revenue from railway and tugging & barging.

The gross profit margin of the segment decreased year-on-year by 5.0 percentage points, mainly attributable to the effects from decline of IT business with high gross profit margin and shrink of supervision business market.

PROSPECTS OF THE SECOND HALF OF 2019

COMPETITIVE LANDSCAPE AND INDUSTRY TREND

In the second half of the year, the global economy continues to develop with uncertainties, accompanied by reduced momentum in global economic growth, slowdown in trade and investment and rise of protectionism. Domestically, China will continuously reduce the burdens of enterprises by taxes and fees reduction to inject impetus into economic development. Meanwhile, by holding on to structural reform at the supply side, China will continuously make progress in "de-capacity, de-stocking, de-leveraging, cost reduction and overcoming of weaknesses". China's economy is in large scale and highly resilient. As such, in the second half of the year, China's economy is expected to stably edge up with stronger internal driving force despite of a lot of challenges.

In the second half of the year, the Group's major initiatives for market development of its business segments are as follows:

Oil Segment

- Strengthening cooperation with Shanghai Futures Exchange, striving to apply for future delivery points for crude oil and improving port service functions.

- Leveraging the Group's advantages in deep water ports and concentration of storage tanks to deepen cooperation with domestic and foreign oil traders. Providing bonded storage and transshipment service for refineries in the hinterland to participate in international competition.

- Actively following up fuel oil blending business in order to apply for the qualification of bonded crude oil blending business.

- Accelerating the improvement and implementation of transshipment facilities for LNG, aviation fuel and other new energy sources, and high-end oil products.

Container Segment

- Stabilizing operation of foreign trade routes and increasing import functions. Restraining split of transshipment supplies and adopting measures for recovery of transshipment supplies.

- Uniting transshipment strategies, improving cooperation ability and reducing operation cost to promote transformation and development of feeders in Bohai Rim and consolidating transshipment position of the port.

- Strengthening business synergy, promoting resource integration and constantly exploring and optimising the integrated multimodal transportation system in the Three Northeastern Provinces, with an aim to increase cargo supply in cross-border train lines.

- Actively promoting diversification and continuously developing logistics industry including cold chain, automobile, wood and rear logistics to realize parallel development of main and auxiliary industry.

Automobile Terminal Segment

- Promoting existing customers to expand radiation regions of water transportation and improving market shares of water transportation.

- Further developing river-and-sea intermodal transportation business and promoting extension of shipping routes and customer network.

Bulk and General Cargo Segment

- Continuously deepening the cooperation with customers, jointly developing international market and expanding international transshipment scale of mixed ore.

- Developing shipping routes for large-scale equipment and promoting the construction of processing base for large-scale equipment in port area.

Bulk Grain Segment

- Developing system of liner shipping routes to ports along the Yangtze River and expanding grain logistics network.

- Continuously conducting operation and organization of ports to improve service efficiency, and soliciting supplies and improving shares with excellent services.

Passenger and Ro-Ro Segment

- The Group will spare no efforts to enhance its departure services for international cruises, while accelerating marketing for its cruise service brand and establishing a cruise travelling brand.

- Entering the traditional peak season of the Passenger and Ro-Ro industry in the second half of the year, the Group will unite shipping companies to conduct market development and market price stabilization related work in three target markets of Passenger and Ro-Ro Segment, cruise and land-island, through the network promotion, in-depth field visits to target groups and other means, in order to further increase the market size.

Value-added Services Segment

- Tugging

  The Company will expand revenue sources and increase revenue by developing tugging business in surrounding markets, increasing throughput of tugging outside the port and expanding domestic coastal tugging services.

- Tallying

  The Company will accelerate the development of intelligent tallying system to reduce labour cost. It will insist on diversified development model of tallying business, and actively expand inspection and verification business including draft survey, measurement, loading and discharging supervision.

EFFECTS OF THE APPLICATION AND THE EFFECTIVENESS OF NEW ACCOUNTING STANDARDS IN THE FIRST HALF OF 2019

1. As required by Notice on Revising and Issuing the Format of Financial Statements of General Enterprises in 2019 (Caikuai [2019] No. 6), the Group has applied new formats of financial statements in preparing the 2019 interim report:

   In the balance sheet, "notes receivable and accounts receivable" will be split into "notes receivable" and "accounts receivable", and "notes payable and accounts payable" will be split into "notes payable" and "accounts payable";

   In the statement of profit or loss, in addition to the revenue expenditures incurred during the research and development process, the "research and development expenses" will include the amortization of intangible assets developed by the Group as previously presented in the item of "general and administrative expenses".

   Accordingly, the Group has adjusted the comparative figures retroactively. The above changes in accounting policies had no impact on the consolidated net profit or the Company's net profit or owners' equity.

2. In 2018, the Ministry of Finance issued the revised "Accounting Standards for Business Enterprises No. 21-Leasing" (the "New Lease Standard") which adopts the single model similar to that used for the current accounting treatment for finance lease and requires the lessee to recognize right-of-use asset and lease liability for all leases other than short-term and low-value assets leases and recognize depreciation and interest expenses, respectively. Since 1 January 2019, the Group has conducted accounting treatment in accordance with the newly revised lease standard. According to the transitional requirements, the information for the comparable period will not be adjusted and retained earnings as at 1 January 2019 will be retrospectively adjusted based on the difference between the New Lease Standard and the current lease standard on the first day of implementation:

   (1) The Group measured the right-of-use asset and lease liability respectively for the finance leases before the date of first implementation in accordance with the original book value of the assets held under finance leases and the payables for finance leases.

   (2) For operating lease before the date of initial implementation, the Group measured the lease liabilities at the present value discounted by incremental borrowing rate on the date of initial implementation according to the remaining lease payments, and adopted New Lease Standard from the lease term according to each lease assumption. As the Lessee, the Group measured the right-of-use asset at carrying value with incremental borrowing rate as discount rate on the date of first implementation.

   (3) As for the operating leases under which the leased asset is low-value asset prior to the first date of implementation and those operating leases which will end within 12 months, the Group subjects them to simplified treatment and does not recognize the use right assets and lease liability.

   See the Interim Report of 2019 for influences of the application of New Lease Standard on financial data of the Group. In addition, the application of New Lease Standard did not have significant influences on the Group in other aspects.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

On 4 June 2019, the Company and Broadford Global Limited ("**Broadford**") jointly announced that Broadford and parties acting in concert with it are required to make a mandatory unconditional cash offer, as a result of the transfer of 1.1% equity interest in Liaoning Port Group Limited from State-owned Assets Supervision and Administration Commission of Liaoning Provincial Government to China Merchants (Liaoning) Port Development Company Limited for nil consideration as contemplated under the equity transfer agreement dated 31 May 2019 between the parties. The mandatory unconditional cash offer will be for all outstanding H Shares (other than those already owned or agreed to be acquired by Broadford and parties acting in concert with it (but including the H Shares held by China Merchants Port Holdings Company Limited through Team Able International Limited)). It is currently expected that the Company and Broadford will jointly issue a composite document in relation to the mandatory unconditional cash offer on or before 7 October 2019.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2019, no further redemption of our Company's listed securities had been made by the Company. Neither the Company nor any of its subsidiaries had further purchased or sold any of its securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2019, the Company had complied with the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and so far as known to the Directors of the Company, there had been no material deviation from the code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2019, the Company had adopted a code of conduct governing director's and supervisor's dealings in the Company's securities on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuer ("Model Code"). Upon specific enquiries, all Directors and supervisors have confirmed that they had complied with the provisions of the Model Code and the code of conduct governing their dealings in the Company's securities during the relevant period.

AUDIT COMMITTEE

Pursuant to Rule 3.21 of the Listing Rules, the audit committee must comprise a minimum of three members. Following the resignation of Mr. YIN Shihui as a non-executive director and a member of the audit committee of the Company (the "**Audit Committee**") with effect from 22 March 2019, the number of members of the Audit Committee fell below the minimum number prescribed under Rule 3.21 of the Listing Rules. Mr. XU Song, a non-executive director of the Company, was subsequently appointed as a member of the Audit Committee with effect from 20 June 2019. As a result, the composition of the Audit Committee has been in compliance with the requirements under Rule 3.21 of the Listing Rules. Later on 27 June 2019, Mr. YUAN Yi was appointed as a non-executive director of the Company and replaced Mr. XU Song as a member of Audit Committee with effect from the same date.

The audit committee of the Company consists of Mr. WANG Zhifeng and Mr. LAW Man Tat as independent non-executive Directors and Mr. YUAN Yi as a non-executive Director. Mr. WANG Zhifeng, an independent non-executive Director, acts as the chairman of the audit committee. The audit committee has reviewed the interim results for the six months ended 30 June 2019.

By Order of the Board of Directors
Dalian Port (PDA) Company Limited*
WANG Huiying LEE Kin Yu, Arthur
Joint Company Secretaries

Dalian City, Liaoning Province, the PRC
27 August 2019

As at the date of this announcement, the Directors of the Company are:
Executive Directors: WEI Minghui
Non-executive Directors: XU Song, YIM Kong, CAO Dong, LI Jianhui and YUAN Yi
Independent non-executive Directors: WANG Zhifeng, SUN Xiyun and LAW Man Tat

* *The Company is registered as Non-Hong Kong Company under Part XI of the previous Hong Kong Companies Ordinance (equivalent to Part 16 of the Hong Kong Companies Ordinance with effect from 3 March 2014) under the English name "Dalian Port (PDA) Company Limited".*

* *For identification purposes only*